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SUBJECT: JAPANESE OFFICIAL'S PERSPECTIVES ON IRAQ TRADE
MISSION, IRAN TRADE SITUATION

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[B](#). BAGHDAD 152

[C](#). 08 AMMAN 2459

Classified By: CHARGE D'AFFAIRES JAMES ZUMWALT FOR REASONS 1.4 (b),(d)

[1](#). (C) SUMMARY: A 16-member delegation of senior officials from 12 Japanese companies, the Ministry of Foreign Affairs (MOFA), and the Ministry of Economy, Trade and Industry (METI) met with Iraqi Prime Minister Nouri al-Maliki, Oil Minister Husayn al-Shahrastani and several other high-level Iraqi officials in Baghdad during a day-long trade mission March 1. A METI official who was with the delegation reports the Japanese side was impressed by Maliki's personal knowledge of several projects and the Japanese official noted a marked improvement in the security situation compared to a previous trip in September. However, the METI official said MOFA's continued high-threat assessment for Iraq prohibits Japanese companies from dispatching personnel to the country and limits broader Japanese business interest outside the oil and gas sector. That said, other GOJ officials report increasing interest in doing business in Iraq and in stationing people in country. END SUMMARY.

READ-OUT OF JAPANESE BUSINESS DELEGATION

[1](#)2. (C) METI Trade Bureau Iraq and Iran Desk Officer Kenichi Shoji said the delegation, which was headed by MOFA Ambassador in Charge of Reconstruction Assistance to Iraq Gotaro Ogawa with METI Middle East Trade Director Mitsuhiro Mori, included senior executives from several Japanese oil companies and general trading companies. The mission was the first such delegation since the declaration of a Japan-Iraq Comprehensive Partnership during former Prime Minister Shinzo Abe's visit to Baghdad in January 2009 (ref A). METI has not disclosed the names of the Japanese firms, however Shoji said the delegation included named trading companies Mitsubishi and Toyota Tsusho. (COMMENT: Mitsubishi is reportedly in talks with the Iraqi Ministry of Oil and Royal Dutch Shell to acquire a stake in a natural gas project near Basra. Other Japanese trading companies with current interests in Iraq include Marubeni and Kawasaki, which reportedly have entered into joint ventures in the fertilizer and cement industries, respectively (ref B). END COMMENT.) Shoji said the 12 firms self-selected after METI sent a message to the Keidanren (Japan Business Federation) inviting companies to join the delegation. Shoji noted the delegation members included executive-level company representatives in part because Japanese labor unions prevent the dispatch of working level employees to regions MOFA has designated at the highest threat level; executive-level employees are not subject to

such restrictions.

13. (C) Following a briefing at the Japanese Embassy in Baghdad, the delegation met with Iraqi Vice President Tariq al-Hashimi and had an hour-long courtesy call with Prime Minister Maliki. Shoji said he was surprised by Maliki's level of knowledge of Japanese companies and their investment potential. Shoji also said the GOJ was pleased the Iraqis were able to arrange a meeting with Maliki, since former Prime Minister Abe had not been able to meet him during his visit to Baghdad in January. Maliki also called for a second Japan-Iraq investment forum to take place at the Baghdad International Airport in the near future. Shoji said the date for such a forum has not been determined, but he speculated it may occur as soon as summer 2009. (Note: the first Japan-Iraq Investment Forum took place in Amman, Jordan in July 2008 - ref C).

14. (C) Following the call on Maliki, the delegation had a roundtable discussion and lunch chaired by Deputy Prime Minister Barham Salih that included Oil Minister Shahrastani, Advisor on Oil and Energy to the Prime Minister Thamir Ghadhban, Communications Minister Faruq Abd al-Rahman, and Transportation Minister Amir Ismail. Shoji said the meetings included a general exchange of views on investment opportunities in the oil, transportation and telecommunications sectors, however because the delegation included several competing Japanese companies, it did not focus on specific corporate investments. Shoji said future business missions' itineraries may need to be expanded by at least a few days to facilitate more specific discussion of

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potential investments. Shoji also noted the delegation did not include representatives from major project finance institutions, such as the Japan Bank for International Cooperation (JBIC) or Nippon Export and Investment Insurance (NEXI), explaining that security and logistical considerations limited the delegation's size. (NOTE: Post will report septel on JBIC initiatives to finance Japanese investment in Iraq's oil sector. END NOTE.)

15. (C) Shoji said security remains the biggest impediment to broader Japanese business engagement in Iraq. He noted transportation and security arrangements for the delegation's visit were handled by the U.S. military or private contractors. Nevertheless, the security, Shoji noted, had improved since his previous travel to Baghdad in September 2008, and he commented the Iraqi military appeared to be performing several security functions previously handled by the U.S. military, such as security along the road leading from Baghdad International Airport to the international zone.

Other Japanese officials have also noted in recent meetings that security in Iraq has significantly increased yielding a greater interest in doing business there on the part of Japanese companies.

BRIEF PERSPECTIVES ON IRAN

16. (C) Shoji, who had also just returned from a separate trip to Iran, provided his impressions of Japanese business sentiment in Iran. He described his travel as a routine consultation with Japanese business interests. Japanese business people he spoke to in Iran hope a less conservative leader will assume power in the upcoming presidential elections because this may lead to an opening of dialogue with the U.S. and an eventual easing of U.S. sanctions. However, he noted, Japanese firms anticipate no dramatic change as long as Ahmedinejad continues to hold power. Shoji was surprised by the level of commercial activity in Tehran, where he observed abundant Chinese and Korean-made consumer electronics. Shoji also said French and Korean-made vehicles have recently made major inroads in the Iranian market compared to Japanese-made vehicles.

